

CHAPTER 2. OBTAINING HUD APPROVAL

- 2-1 Approval Criteria. HUD will accept applications from national, multi-State, regional, and local entities. Applicants with branch offices or affiliate member organizations over which the primary entity exercises some control regarding services rendered, and the quality of those services, may submit a single application for approval of the primary entity and its branches or affiliates. The branches or affiliates must meet the primary entity's standards as well as those in this handbook. An applicant agency with branch offices or affiliates must provide a written delineation of the responsibilities of the parent organization and its branches or affiliates.

The following approval criteria apply to all applicants. Each branch or affiliate included in an approval application must satisfy these criteria.

- A. Nonprofit Status. An applicant and its branches or affiliates for approval must function as private or public nonprofit organizations. The applicant must submit evidence of nonprofit status as demonstrated by section 501(c) (3) of the Internal Revenue Code approval (or pending approval) to support its nonprofit status and that of its branches or affiliates.
- B. Community Base. The applicant or its branches and affiliates must have functioned for at least one year in the geographical area that the applicant proposes for itself or its branches or affiliates to serve as a HUD-approved housing counseling agency or agencies.
- C. Experience. The applicant must have successfully administered a housing counseling program for at least one year.
- D. Audit. The applicant must have had an independent audit of its financial records during the twelve months preceding the date of applying for HUD approval. An applicant must submit with its approval application a copy of the most recent auditor's report. An applicant with branches or affiliates with accounting independent of the applicant must provide written assurance that those branches or affiliates meet this criterion.

NOTE: A national, regional, or multi-State applicant whose latest audit does not meet this timeliness criterion may receive a conditional approval. HUD will grant conditional approval if the applicant agrees in

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writing to contract for the completion of the required audit within six months of their application for approval.

- E. Recordkeeping and Reporting. The applicant and its branches or affiliates must have an established system of recordkeeping so that

data can easily be reported to HUD and reviewed by HUD in relation to housing counseling services. See chapter 4.

F. Counseling Resources. The applicant and its branches or affiliates must have sufficient resources to implement the proposed counseling plan no later than the date of HUD approval.

1. Funding. The application for approval must provide evidence of funds on hand or a written commitment for funds to cover the cost of operating the proposed counseling plan during the initial twelve-month period of HUD approval. This includes the availability of funds for branches and affiliates. Applicants that plan to charge counseling fees must comply with chapter 6 of this handbook. (HUD approval neither includes nor guarantees HUD funding in the future.)
2. Staff. The applicant and its branches or affiliates must employ staff trained in housing counseling with at least six months experience in the job they will perform in the counseling program.
3. Language Skills. Counselors must be fluent in the language of the clients they serve, or the counseling agency must use the services of an interpreter.

G. Knowledge of HUD Programs and Local Housing Market. The applicant's housing counseling staff, including those in branches and affiliates, must possess a working knowledge of HUD housing programs (including public housing), the housing programs available in the community, and the local housing market.

A working knowledge means that a counselor can inform the client in detail regarding what housing is available for which the client is eligible, how the client applies for the housing, and the rights and responsibilities of all parties involved in particular housing transactions--leases, mortgages, notes, contracts, etc.

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K. Subagreements. The applicant, its branches or affiliates, must deliver all of the counseling activities set forth in the applicant's counseling plan. Subcontracting with other entities is permitted ONLY in geographical areas where no HUD-approved housing counseling agency exists; however, the subcontractor must meet the HUD-approval eligibility standards in this handbook. This does not prevent an approved agency from referring clients to other community resources for assistance.

National, regional, and multi-State entities may enter into subagreements with their branches or affiliates to provide counseling services. The "agreements" may simply be an exchange of letters which also delineate the respective housing counseling program responsibilities of the parent organization and its branches or affiliates.

- I. Community Resources. The applicant, or its branches or affiliates, must have established working relationships with private and public community resources to which it can refer clients who need help the agency cannot offer.
- J. State and Local Requirements. The applicant, including its branches or affiliates, must meet all State and local requirements for its operation.
- K. Facilities. The counseling facilities of the applicant or its branches or affiliates must meet the following criteria.
 - 1. Located in the community of the target population.
 - 2. Provide privacy for all one-on-one sessions between a counselor and a client.
 - 3. Public transportation is within easy walking distance (15 minutes) of the applicant's location, except for rural or distant suburban locations.
 - 4. Operating hours include regular work hours and days, and other hours and days when necessary to meet the needs of working clients.
 - 5. Ease of access for disabled and elderly persons, or be willing to meet with such persons at an alternative accessible location.

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- L. Assurances. The application must include the assurances set forth on Form HUD-9900A or 9900C, application for HUD approval as a housing counseling agency. See Appendix 1A, page 2 of 4, or Appendix 2, page 4 of 10. These assurances also apply to branches and affiliates.

2-2 The Application for Approval Process

- A. Local Entities. A local entity may have only one office or a main office with branch offices in no more than two contiguous States. An application includes a Preliminary Application, an application conference, and a Final Application. The Preliminary Application helps HUD determine if the agency possesses the basic qualifications to initiate the Final Application process. The preparation of the Preliminary Application can save the resources of the applicant and HUD, if HUD determines from the Preliminary Application that the applicant does not or might not qualify.
- B. National, Regional, and Multi-State Entities. This type of entity serves a large geographical area consisting of the nation or a majority of its States; a major region of the country, such as the Southwest or the Northeast; or a group of two or more contiguous States.

Organizations with branches or affiliates make application to HUD Headquarters. They submit applications based on Form HUD-9900C (See Appendix 2.1). Address inquiries and applications to:

Deputy Assistant Secretary for Single Family Housing
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

The Housing Counseling staff in Headquarters will process all applications from these organizations.

NOTE: Applicants that are local entities (not national, regional, or multi-State) with offices located in more than one HUD office jurisdiction, see paragraph 2-6 below.

2-3 Application Log. The HUD office will maintain a log for recording the receipt of applications as well as all actions relating to processing the applications. See Appendix 21, Processing Log: Application for HUD Approval as a Housing Counseling Agency.

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A. Application Forms

1. Local Entities Use Form HUD-9900A, Preliminary Application for HUD Approval as a Housing Counseling Agency. Appendix 1 contains a sample of this form. If HUD approves the preliminary application, the applicant then uses Form HUD-9900B to prepare its final application. See Appendix 1.
2. National, Regional, and Multi-State entities use only Form HUD-9900C, Application for HUD Approval as a Housing Counseling Agency.

B. The HUD Field Office reviews the Preliminary Application. The office will send a written acknowledgement to the applicant agency. Within thirty days of its receipt of an application, the office will review it, determine if the applicant meets the initial approval criteria required under this part of the application, and notify the applicant agency under subparagraph a. or b. below. Use Form [HUD-9904](#), Checklist for Review of An Application for HUD Approval - Preliminary Application. See Appendix 3.

1. Approval. HUD will notify the applicant by letter or a telephone call and arrange for a preapplication conference with the applicant. Paragraph B2-4 below describes the conference.
2. Disapproval. HUD will notify the applicant by a letter that sets forth the reasons why the applicant does not meet the approval criteria. The applicant may submit a revised Preliminary Application or appeal HUD's decision by addressing a letter to the HUD office that reviewed the applicant's

Preliminary Application. See Chapter 8 regarding appealing a negative decision.

Note 1: If the applicant agency does not receive from HUD an acknowledgement of receipt of the preliminary application within 15 days of submitting it, the applicant should communicate with the HUD office to determine if HUD received the document.

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Note 2: If the applicant agency does not receive from HUD the approval or disapproval message within 45 days of submission of the preliminary application, the applicant should contact the Single Family Director in the local HUD office and request prompt resolution of the application.

2-4 Pre-Final Application Conference with Local Entities. Before HUD will process the Final Application from a local entity, the applicant must have a conference--preferably at the applicant's office--with the HUD office staff. The HUD office will arrange for the conference within 30 days of its receipt of the preliminary application.

HUD may waive this location requirement if the HUD office lacks travel funds or staff travel time to devote to the conference. Under that condition, the HUD office will hold the conference at its office; however, in lieu of the face-to-face conference in the HUD office, the applicant may request HUD to arrange for a conference call with the applicant's staff at HUD expense.

During the conference or conference call, the HUD staff will do the following to assist the applicant.

- A. Review of the Preliminary Application with the applicant
- B. Furnish information and guidance to the applicant regarding the preparation of the Final Application
- C. Answer questions, if any, about this handbook and its attachments
- D. Identify training needed by the applicant's staff to meet the criteria in para. 2-2
- E. Answer questions from the applicant

2-5 Final Application Submission Process for Local Entities and Application Process for National, Regional, and Multi-State entities.

- A. The local applicant completes and submits its Final Application for HUD Approval as a Housing Counseling Agency, Form HUD-9900B, after the conference. HUD must receive the Final Application no later than ninety days after the conference; otherwise, a new conference should be held. Appendix 2 contains a sample of the Final Application form.

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- B. National, regional, and multi-State applicants submit Form HUD-9900C.
- C. HUD Reviews the Final Application from a Local Entity and the Application from a National, Regional, or Multi-State Applicant.
 - 1. Timing. The HUD office will review the application within thirty days of its receipt. Within 45 days HUD will notify the applicant of HUD's decision regarding the acceptability of the Final Application.

Note: If the applicant does not receive either the acknowledgement letter or the approval/disapproval letter from HUD within ten days of the relevant times set forth in the above paragraph, the applicant agency should contact the HUD office.

- 2. Responsibility. The HUD office performs the review and sends a decision letter to the applicant.
- 3. Criteria. The HUD office uses Form [HUD-9904](#), Checklist for Review of Application for HUD Approval as a Housing Counseling Agency. See Appendix 3. The applicant may use this checklist to determine the completeness of its application; however, the applicant does NOT include its checklist with its application.
- 4. Approval/Disapproval Decision
 - a. Approval. HUD's approval must be unconditional; i.e., the applicant must fully meet the requirements of this handbook. The only exception is the audit requirement. Applicants that do not have audits conducted within the 12-month period immediately preceding the date on which they send their application to HUD, must submit a written statement to the effect that the applicant will contract for an audit no later than six months after HUD grants approval conditioned upon the completion of an audit. The agency must furnish a copy of the audit to the GTR in the local HUD office in a timely manner.

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- b. A letter of approval is prepared by the HUD office and sent to the applicant agency. See Appendix 4 for a sample letter.
- c. A letter of disapproval is prepared in which the reviewing office specifies the aspects of the applicant's application that do not meet HUD's requirements. See Appendix 5 for a sample letter.

- D. Upon receipt of a letter of approval, the applicant signs and dates the "Approval Accepted" lines on the letter and returns it to the HUD office.
 - E. HUD issues a Certificate of HUD Approval as a Housing Counseling Agency, Form HUD-9915, to the applicant. The Single Family Director in the local HUD Office is responsible for notifying the Office of the Deputy Assistant Secretary for Single Family Housing. Use the formats in Appendices 6 and 7. This form is available in a WordPerfect file upon request to the Housing Counseling Program Staff in Headquarters. Make such a request via cc mail. The file permits field staff to type in the information regarding the approved agency and print a copy for delivery to the agency.
 - F. Upon receipt of a letter of disapproval, the applicant may appeal the decision by writing to the HUD office that disapproved the application or may submit a revised application. If an applicant decides to submit a revision, the applicant should consult the HUD office in advance. Local entities may appeal to the Deputy Assistant Secretary for Single Family Housing at HUD Headquarters ONLY AFTER the applicant makes an appeal to the original reviewing office. National, Regional, and Multi-State organizations send their appeals to the Assistant Secretary for Housing-FHA Commissioner.
- 2-6 Local Entities Located in One or Two States. HUD offices occasionally receive applications for approval from local entities located in one or two States with branch offices located in other HUD office jurisdictions. This section provides instructions for processing an application that falls within this type of situation.
- A. Processing Applications that Cross HUD Office Jurisdictions. This process reduces to a minimum effort required on the part of the applicant entity and HUD. Implementing the process will require maximum cooperative effort by the entity and HUD as well as between or among HUD offices.

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1. HUD Offices that Receive Preliminary Applications. The HUD office that receives a preliminary application (Form HUD-9900A) will assure that the main office of the applicant entity is located within the geographical jurisdiction of that HUD office.
 - a. If that is true, the office will process the preliminary application in accordance with paragraph 2-3 of this handbook.
 - b. If the applicant's main office is not located within the recipient office's jurisdiction, that office will forward the application to the correct HUD office and promptly notify the applicant in writing or by telephone.

- c. The HUD office that receives the application is not required, at this stage of the application process, to notify any other HUD office that might be affected by an acceptable final application for approval; however, the recipient office may, at its discretion, alert other affected offices regarding the receipt of the preliminary application.
- 2. HUD Offices that Receive Final Applications. The HUD office that receives a final application (Form HUD-9900B) from an entity that submitted an acceptable preliminary application (Form HUD-9900A) will process the final application in accordance with paragraph of Handbook 7610.1. Do NOT process a final application unless you received an acceptable preliminary application.
 - a. Unacceptable Final Application. If your office never approves a final application, no further action is required of your office.
 - b. Acceptable Final Application. If your office approves a final application, do NOT send the approval letter to the applicant until you complete the following steps,
- 3. Notification to Affected HUD Offices
 - a. Notify, in writing, each HUD office within which the applicant has one or more branch offices that you have tentatively approved the applicant and its branch offices, if any.

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- b. Include in your notice to the HUD office or offices a copy of the applicant's preliminary and final applications for optional review by those offices.
- B. Application Review Options by Affected HUD Offices. Your office may take the actions indicated in EITHER paragraph 1 or 2 below.
 - 1. Review the preliminary and final applications in accordance with paragraph 2-3 of Handbook 7610.1 and notify the application recipient HUD office accordingly; however, perform this review in view of the fact that the recipient office completed a thorough review. Notify the application recipient HUD office in writing of your determination to approve or reject the application. If your office disapproves, indicate to that office the specific review deficiencies in the application.

To expedite processing, your office may correspond directly with the applicant regarding the correction of application deficiencies; however, keep the application recipient office informed of your actions. You may perform this latter activity by telephone.

2. Accept the review by the application recipient HUD office without further review by your office; HOWEVER, your office must visit or consult by telephone with the applicant regarding the agency's site to assure its compliance with paragraph K., Facilities, of Handbook 7610.1. Provide written acceptance to the application recipient office.

C. Monitoring HUD-Approved Housing Counseling Agencies with Branches that cross HUD Jurisdictions. The HUD office that approved the agency is responsible for monitoring the agency.

2-7 Reapproval or Disapproval After a Biennial Performance Review. The HUD office must conduct a Biennial Performance Review for each of the office's approved agencies. Chapter 5 describes the review and the terms of reapproval or disapproval of an agency.

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2-8 Terminations of Approvals and Grants

A. Approvals

1. HUD may withdraw the Certificate of Approval at any time for any or all of the following reasons.

- a. at the convenience of the government
- b. agency fails to maintain its compliance with program requirements
- c. agency fails to implement, in whole or in part, the agency's approved counseling plan.

2. The agency may withdraw from the program at any time. If an agency that has a HUD grant terminates its approval, that action also terminates the grant. Under a grant, the agency will not receive payments from HUD for any counseling activities after the date on which the agency cancels the approval.

3. Termination by HUD and withdrawal by an agency must be in writing.

4. When termination occurs or withdrawal occurs, the agency must return to HUD any unexpired certificate of approval. A TERMINATED AGENCY MUST NOT DISPLAY A CERTIFICATE OF HUD APPROVAL. By accepting HUD approval, an agency implicitly agrees not to display a certificate of approval after termination of the approval or withdrawal from the program.

B. Grants. Termination is governed by the terms of the grant agreement. ONLY THE GRANT OFFICER MAY TERMINATE A GRANT ON BEHALF OF HUD.

2-9 Agency Information Changes (See and use Appendix7.)

A. An approved agency must notify the HUD Field Office in writing any time the agency:

1. Loses its nonprofit status
2. No longer complies with local and State requirements
3. Changes any of these items

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- a. location of any of its HUD-approved offices
- b. staff person responsible for the counseling program
- c. address or telephone number
- d. ZIP Code Areas from which it has or has not received clients over the past 12-month period (to add or delete ZIP Codes)
- e. any other aspect of its purpose or function that impairs its ability to comply with this handbook or, if the agency is under a grant from HUD, the grant agreement

Send the notification to the HUD Field Office within fifteen days of any of the above occurrences so that correct referrals may be made as appropriate and correspondence on program matters promptly received.

B. The HUD Field Office, upon receipt of a notice of any of the above factors, must assure that the following persons receive copies of the notice. Use the format in Appendix 7 for this purpose.

1. Field Office staff person responsible for the counseling program
2. Government Technical Representative in the and the Government Technical Monitor in the Field Office
3. Deputy Assistant Secretary for Single Family Housing in Headquarters

2-10 Training

A. HUD's Responsibility. HUD will provide training to HUD-approved housing counseling agencies regarding HUD programs applicable to the agency's counseling program. The availability of training depends on these factors.

1. Availability of HUD Resources. The ability of HUD to provide training depends upon available staff time and travel funds. For this reason, advance planning is essential.

2. Training Funds. Generally, HUD does not have funds to pay participating agency staff travel and per diem costs. If training funds become available, HUD will notify all HUD-approved housing counseling agencies.

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3. Location of Training. Unless HUD has staff time and travel funds available to provide training in various locations, training will take place at the HUD office.
4. Each HUD office with approved agencies will conduct a training needs survey of those agencies during the first quarter of each fiscal year. The office will use the format of Appendix 18 for this purpose. The office will plan and provide for the training no later than the end of the fourth quarter of the fiscal year.

B. Agency Training Needs and Requests

1. HUD does not have the resources to train individual housing counselors on a one-to-one basis; however, HUD will make available, upon request from any agency, its program publications. Send written requests to the HUD office that services your area.
2. HUD may provide training to a group of agency staff. Generally, this will require at least five participants interested in the same program(s).
3. Identifying and Meeting Training Needs. A HUD-approved housing counseling agency or a group of agencies may request training at any time. Please use the format in Appendix 18 for this purpose. If a group request is made, one agency should coordinate the request and submit a combined request on the format of Appendix 18.

C. Reports by HUD Field Offices. Each Field Office will submit the following information in the format in Appendix 19, Report of Training Needs Survey and Provision of Training, to the Deputy Assistant Secretary for Single Family Housing, Attention Housing Counseling Staff by October 30 of each year. The report covers the HUD fiscal year.

D. Agencies Responsibility. Approval of an agency by HUD indicates that the agency has trained and experienced staff; however, as HUD and other housing programs and agency staff change, the need for training arises. Each approved agency is responsible for the following aspects of training.

1. Requests training by HUD and other entities under whose housing programs the agency provides counseling.

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2. Counseling Skills. HUD expects an approved agency to assure the upgrading of the counseling skills and techniques of its housing counseling staff.
3. Referrals to Community Resources. HUD expects the agency to assure that its housing counseling staff know about community resources and how to make referrals of housing counseling clients to those resources. This includes establishing a one-to-one rapport with community resources staff.
4. State and Local Real Estate Laws. HUD expects the agency housing counseling staff to possess a working knowledge of all current laws and ordinances that relate to the housing counseling services it provides to its clients.
5. Financing Options. HUD expects agency staff to have a thorough knowledge of all financing options available to its clients.
6. Fair Housing Laws. HUD expects agency staff to have a thorough knowledge of Federal, State, and local fair housing laws that could affect a clients' efforts to meet housing needs or resolve housing problems.